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**STATEMENT OF SENATOR EDWARD M. KENNEDY ON PASSAGE OF THE HIGHER
EDUCATION ACT AND AMENDMENTS**

WASHINGTON, D.C.—Today, Senator Edward M. Kennedy, Chairman of the Senate Health, Education, Labor, and Pensions Committee, released the following statement in response to the passage by the HELP Committee of the Higher Education Access Act of 2007 and the Higher Education Amendments of 2007.

"This is a historic day for America's students. The HELP Committee has passed two bills that will increase access to college and make sure scarce federal dollars are going where they are most needed – to students. This bill renews the promise that all citizens can achieve the American Dream, while also ensuring that our nation remains competitive in the global economy."

**STATEMENT OF SENATOR EDWARD M. KENNEDY ON THE INTRODUCTION OF THE
HIGHER EDUCATION ACCESS ACT OF 2007 AND THE HIGHER EDUCATION
AMENDMENTS OF 2007**

Senate Health, Education, Labor and Pensions

When Congress first passed the Higher Education Act more than 40 years ago, we were guided by one simple principle – that no qualified student should be denied the opportunity to attend college because of the cost. In 1965, and again in 1972 when we established the Pell Grant, we recognized that access to a college education is a vital gateway to helping our citizens achieve the American dream.

Shamefully, we've lost sight of that goal in recent years. Today, Americans are coming face to face with rapid changes in the global economy. They've seen the value of their wages decline, the cost of living go up, and their jobs shipped overseas. When I graduated from high school, good jobs were available to high school graduates. That is no longer the case. Today, 60 percent of new jobs require some post-secondary education, compared to just 15 percent of new jobs half a century ago.

In the face of these challenges, a college education is more important than ever. But it's never been more difficult to afford. The cost of college has more than tripled over the last twenty years. Today, average tuition, fees and room and board at our public colleges is almost \$13,000, and it's more than \$30,000 at private colleges. Each year, more than 400,000 talented, qualified students don't attend a four-year college because they can't afford it. At the same time, the buying power of the Pell Grant – the lifeline to college for low-income students – has shrunk dramatically. Twenty years ago, the maximum Pell Grant covered 55 percent of costs at a public four-year college. Today, it covers less than a third of those costs.

As a result, students are sinking deeper and deeper into student loan debt. In 1993, fewer than half of all students took out loans to finance their education, but today, more than two-thirds of students borrow for college. Today, the average student leaves college with more than \$19,000 in student loan debt. This mountain of debt is distorting countless Americans' basic life choices. It's causing them to delay getting married, buying a home, and starting a family. It's also discouraging many young people from entering occupations such as teaching, social work and law enforcement – the low-paying but vital jobs

that bring large rewards for our society.

Meanwhile, as our students struggle to pay back their loans, the lenders who offer them are making more money than ever. We pay them enormous subsidies to take part in the federal loan programs, because the structure of the student loan programs is basically unchanged from forty years ago, when major subsidies were needed to attract lenders to participate.

Today, thousands of lenders participate, and the largest, Sallie Mae, is so profitable that a group of investors recently offered to buy it for \$25 billion – more than 30 percent above the value of its stock.

That is why the legislation our Committee is considering today is so important. The Higher Education Access Act of 2007 and the Higher Education Amendments of 2007 will provide more than \$17 billion to help students and families pay for college. This legislation will help reverse the crisis in college affordability. It will immediately and dramatically increase the Pell Grant; help students manage their debt by capping student loan payments at 15 percent of their monthly income; and forgive the loans of those who enter society's most valuable professions.

It will restore balance to our broken student loan system by reducing unnecessary lender subsidies. To ensure that lenders and colleges follow high ethical standards, we've included provisions from my Student Loan Sunshine Act, and several other lender ethics and borrower-friendly proposals from Senator Enzi and Senator Clinton. Senator Dodd will be complementing these efforts in the Banking Committee with companion legislation regarding private educational loans.

In short, our proposals will restore the fundamental principle that guided the Higher Education Act at its inception – that no student should have to mortgage his or her future in order to pay for higher education today.

This legislation is the product of many hours of bipartisan negotiations among our Committee Members and staff. Over the past four months, our staff has met, on a bipartisan basis, for more than 100 hours to work on these bills. Every Member of this Committee has had multiple opportunities to shape their provisions, and we will continue to work together as our process moves forward. I particularly want to mention that we'll be working closely with Senator Alexander on his ideas related to college accreditation.

Without a doubt, the most important aspect of this legislation is the fact that it dramatically increases need-based grant aid to students. Everything we know about the college affordability crisis tells us that low-income students and families are struggling the most.

Earlier this year, after four years of broken promises from President Bush, the Democratic Congress responded to this challenge by increasing the maximum Pell Grant to \$4310. Now, the Higher Education Access Act will build on what we started by increasing the maximum Pell Grant to \$5,100 next year – a \$790 increase -- and to \$5,400 in 2011.

Make no mistake – the single best thing we can do to increase college access and affordability in America is to focus on increasing the Pell Grant. That is exactly what this legislation does.

But it goes even further. Our young graduates are painfully aware of how difficult those first years after college can be, when their paychecks are small, but their student loan bills are large. Our legislation will help these students by giving them the option of capping their loan payments at 15 percent of their monthly discretionary income.

It will also stem the tide of young people who are choosing not to enter public service professions by providing loan forgiveness to borrowers who stay in those professions for ten years. Our society needs more teachers, emergency management and law enforcement professionals, public health doctors and nurses, social workers, librarians, public interest lawyers, and early childhood educators. Senator Harkin has been particularly vigorous in his support of loan forgiveness for public interest lawyers. Under our bill, we'll produce more of them, because they – and all the groups I've just mentioned -- will be eligible for loan forgiveness.

A number of our Members have worked hard to ensure that our men and women and the military – and their families – are treated fairly in the student loan system. Senators Bingaman, Murray and Murkowski deserve our thanks for authoring several provisions that will extend loan deferments for active duty service members and take other steps that will help those who serve our country attend college.

We've heard the arguments from the big lenders. They claim that if Congress reduces their excess subsidies to pay for the measures I've just described, they'll be forced to reduce the benefits they offer to borrowers on student loans. But obviously, a Pell Grant is far better than any benefit a lender could offer on a loan. And the lenders won't tell you that many of the benefits they offer are phantom benefits. Some lenders offer more benefits to students at high-end colleges, and fewer to community college and career college students. And often, most borrowers never actually receive all the benefits, because they often depend on students meeting certain conditions, like paying their loans on time for three years.

In the long term, we must inject more market-based competition into the student loan system, to make it as efficient to taxpayers as possible. Right now, there's very little competition in the loan programs because many colleges enter special deals to work with a handful of lenders, and students seldom get their loans from anywhere else.

Instead, lenders should compete against each other to participate in the federal student loan program. The Higher Education Access Act takes a step in this direction by creating a pilot program in which an auction is used to see what subsidies are truly necessary to keep loans available to students. The money we save through this pilot will be sent back where it is needed most -- to increase financial aid for students. I'm pleased that Senator Gregg has joined our call to use auctions to operate the student loan programs, and I thank him for his leadership of this long-overdue idea.

Our legislation also addresses the serious ethics scandal over student loans. As investigations by New York Attorney General Cuomo, other states, and our Committee have found, many lenders are entering into sweetheart deals with colleges. Some lenders offer gifts to college and university employees in order to secure their students' loan business. We've documented how lenders who participate in the federal student loan program offer "educational conferences" at luxury hotels, and offer free entertainment and free tickets to sporting events to college officials, in order to entice those officials to recommend the lenders to their students. Our legislation makes these practices illegal, and protects students by ensuring that when a college recommends a lender, it's based on the best interest of students, and nothing else. I'd like to acknowledge all the Members of the Committee for contributing to a strong bipartisan proposal on this issue.

The bills we consider today will take other common-sense steps to improve our higher education system for students and families. Thanks to the leadership of Senator Reed and Senator Enzi, our legislation will dramatically simplify the federal financial aid form – the FAFSA – and examine how we can streamline the federal financial aid process even more in the future.

As we provide more aid to students, our bills will recognize that colleges also need to do their part to keep college costs down. The Higher Education Access Act will hold colleges accountable for skyrocketing college costs by creating a nationwide watch list of colleges whose costs are increasing costs at a rate greater than their peers, and by encouraging the Department of Education and colleges to publish more consumer-friendly information about college costs and programs.

Our legislation continues our focus on teacher preparation by strengthening partnerships with the K-12 systems who hire the teachers, based on the most successful strategies like induction and mentoring. Senators Obama and Reed have been a leader on these provisions in the bill.

Senator Brown has worked hard to maintain the strength of the TRIO programs, which prepare students to go to college and stay in college. We include a new program to support the graduation of more registered nurses – an effort championed by Senator Sanders and Senator Mikulski.

We also create a new student safety grant program to help colleges and universities improve their campus safety and emergency response systems. As the nightmare at Virginia Tech made us all too aware, tragedy can strike anywhere, including on college campuses.

From our earliest days as a nation, education has been the engine of the American dream. We can't let it stall today. Our goal is to give all students and their parents the support they need to benefit from a college education and keep our country strong in the years ahead. Access to college is more than ever the key to opportunity for students and the key to a strong America for the future, and I urge the Committee to approve this important legislation.

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